



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
SUPPORTING
SB-367 AAC THE GIFT AND THE ESTATE TAX
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
MARCH 13, 2014**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

NFIB/Connecticut supports SB-367. This bill makes various, modest changes to Connecticut's estate tax calculations by paralleling provisions in the Internal Revenue Code to exclude certain taxable gifts and including credits for recent gift taxes paid. These changes can help with succession planning for many of Connecticut's closely-held small and family businesses and farms. In addition to the substantive improvement contained in this legislation, small businesses appreciate overall consistency between state and federal tax codes, especially when it comes to matters of the estate tax. As it is, the estate tax provides no incentive for small and family-owned businesses to expand their business or create new jobs. In fact, it taxes the family right out of business in many cases. Much of the cost of the estate tax occurs before the tax itself is levied. This tax applies to property transferred at death if the value of the property exceeds the estate tax exclusion. While the owner of the estate is responsible for the tax, their heirs often are responsible for the actual payment of the tax upon the death of the owner. The value of the estate to which the tax is applied includes all property the owner has an interest in at the time of death, including life insurance, annuities, and business assets. The threat of this tax actually forces small business owners to pay for expensive estate planning if they want to keep their business in their family. Protecting small business from the negative effects of the estate tax is important in order to keep Main Street family businesses in business for future generations.

Thank you for your consideration of NFIB's comments in support of SB-367.